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SUBJECT: MARCO VARGAS, MINISTER WITHOUT PORTFOLIO

¶1. Marco Antonio VARGAS Diaz will likely play a key role in the Arias Administration. Vargas is part of Oscar Arias's innermost circle of advisers. His stated role is to serve as an inter-institutional coordinator and troubleshooter, charged with ensuring delivery on Arias's campaign promises. Vargas holds the only entirely new cabinet-level position created by the Arias Administration (two positions were eliminated and two others combined). He will work out of the Casa Presidencial with a small staff from the Ministry of the Presidency and will free the Minister of the Presidency to serve as more of a Prime Minister, concentrating on legislative liaison, than Chief of Staff.

¶2. Born August 17, 1948, Vargas married Matilde Lorena RUIZ Baldioceda in 1970 and graduated from the University of Costa Rica with a degree in Economics and Social Science in 1976. Vargas, who has 35 years of experience in the industrial private sector, began his career in the family printing business (Imprenta y Litografia Vargas) where he currently serves as president. Vargas founded his own packaging company (Empaques y Envases Centroamericanos) in 1986 and still serves as president and CEO. Also in 1986, Vargas began a four-year stint as Vice President of a regional fertilizer company (FERTICA). An active member of the Kiwanis Club, Vargas was selected by the Economic and Social Sciences Association as the 1993 Distinguished Private Sector Professional.

¶3. Vargas began his political career in earnest in 1991, coordinating a committee that explored Jose Maria Figueres-Olsen's chances for being elected President of Costa Rica. Vargas then served as Treasurer for the Figueres Presidential Campaign. When Figueres was elected in 1994, he named Vargas as Minister of Economy. In 1995, the Ministry of Science and Technology was temporarily combined with the Ministry of Economy, and Vargas held both Ministries until 1996 when he became Minister of the Presidency (similar to Chief of Staff) for the remainder of the Figueres Administration (1994-1998).

¶4. At the end of the Figueres Administration, Vargas returned to private business but remained close to Figueres who established the Costa Rican Foundation for Sustainable Development. Vargas served as President of the Foundation and also served as Figueres's representative and spokesman. On October 27, 2004, Vargas publicly resigned both positions in disgust over revelations that Figueres had received up to \$900,000 in presumed kickbacks from French Telecom company Alcatel. Around that time, Vargas, who shares a life-long National Liberation Party affiliation with Oscar Arias, became actively involved in the Arias campaign.

¶5. PLN insiders and other observers expressed initial surprise that Vargas was given an apparently low-profile position in the Arias Cabinet. However, recent signs indicate that although Vargas's role is behind the scenes, he will be a key adviser. Recently the head of the

semi-autonomous Water Administration presented his recommendations for legislative reforms to Vargas instead of directly to the Legislative Assembly as has been past practice. This is a major change since it implies that even the heads of major telecommunications and insurance entities, who will play a crucial role in the debate over the Free Trade Agreement, will be coordinating their legislative proposals through Vargas's office.

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